

Message Text

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ACTION AF-06

INFO OCT-01 ISO-00 AID-05 OPIC-03 EB-07 COME-00 CIAE-00

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 9676

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FOR AF/E, AF/EPS (J.T. SMITH), AID/W (AFR/ESA, TA/AGR), USDAO,
OPIC

E.O. 11652: N/A

TAGS: EAGR, EAID, ETRD, SU

SUBJECT: TRITICALE SEED SALE TO GEZIRA BOARD

REF: A. STATE 276043 (12/17/74); B. KHARTOUM 2672 (11/29/74)

1. SAYED MAHGOUB, SON OF FORMER PRIME MINISTER AND NOW WITH NEW FIRM "AFRICAN FINANCE AND INVESTMENTS CO. LTD," TOLD EMBOFF APRIL 2 THAT WESTERN STATES TRADING COMPANY (WSTC) HAD APPOINTED HIM AGENT FOR MIDDLE EAST AREA TO MARKET CERTIFIED TRITICALE SEED. HE CALIMED TO HAVE ARRANGED FOR SALE OF 100,000 BUSHEL AT \$27.50 PER BUSHEL TO SUDAN GEZIRA BOARD (GSB), SUBJECT TO RECEIPT OF APPROPRIATE FINANCING. HE LEFT COPY OF LETTER FROM WSTC TO GSB INDICATING THAT, AS RESULT OF MEETING WITH DEPTOFF AND AID OFFICERS MARCH 7, WSTC WAS APPLYING FOR ASSISTANCE ON GSB'S BEHALF FROM OPIC, UN WORLD FOOD PROGRAM, UNDP AND FAO.

2. ABOVE INFO CONFIRMED APRIL 3 BY GSB MANAGING DIRECTOR SADIQ BADRI, WHO, HOWEVER, TOLD EMBOFF THAT, AS FAR AS GSB WAS CONCERNED, IF PAYMENT FOR SEED WERE REQUIRED THERE WOULD BE NO SALE. HE CONSIDERED SHOPPING FOR AID TO BE WSTC'S, NOT HIS, RESPONSIBILITY. HE SAID GSB'S MAIN INTEREST WAS IN CONTRACT'S TECHNICAL ASSISTANCE PROVISIONS, ESPECIALLY FUNDING

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BY WSTC OF FOUR-WEEK STUDY VISIT IN US (TO TAKE PLACE IN MAY)

FOR THIRTY GSB EXTENSION AGENTS. SUCH A TRIP HE THOUGHT WOULD OFFER GOOD OPPORTUNITY EDUCATE GSB IN PROGRESSIVE US AGRICULTURAL METHODS.

3. EMBOFF PLEADED IGNORANCE ON WHOLE SUBJECT OF WSTC ACTIVITIES, INCLUDING MEETINGS WITH USG, AND EXPRESSED DOUBT USG AGENCY WOULD BE PREPARED FINANCE DEAL SO PROFITABLE TO SINGLE COMPANY, EVEN IF STATE US-SUDANESE RELATIONS WERE FAVORABLE AND THERE WERE SUFFICIENT TIME TO MAKE ARRANGEMENTS. HE PROMISED TO SEEK INFORMATION FROM WASHINGTON, HOWEVER.

4. WE WOULD APPRECIATE HAVING DETAILS ON ANY MEETINGS WASHINGTON AGENCIES MIGHT HAVE HAD WITH WSTC. QUESTION OF FINANCING IS OF PARTICULAR INTEREST. QUITE APART FROM POLITICAL OBSTACLES, APPROACH TO OPIC SEEMS UNWARRANTED IN THAT NO INVESTMENT BY US FIRM IS CONTEMPLATED. AS DEPT IS AWARE, GEZIRA BOARD IS GOS-CONTROLLED BODY WHICH RUNS WELL-ESTABLISHED 2.3 MILLION ACRE IRRIGATED FARMING PROJECT AND WHICH, TO BEST OF OUR KNOWLEDGE, HAS NEVER ENTERED JOINT VENTURES WITH FOREIGN FIRMS.

5. EMBASSY NEVER RECEIVED DUN AND BRADSTREET REPORT REFERRED TO BY USDOC (PARA 7, REF A). MAHGOUB GAVE EMBOFF TRITICALE BROCHURE IDENTIFYING WSTC'S FOUNDERS AS H.T. SHEPHERD (DALLAS, TEX), CLIFFORD ELLSWORTH, PRESIDENT (NYC), AND ROBERT RUSH PATTERSON (CHARLOTTESVILLE, VA). COMPANY, WHICH IS SAID TO HAVE TRITICALE SEED PURCHASE AGREEMENTS WITH "OVER 4,000 US FARMERS" (ACCOUNTING FOR OVER HALF MILLION ACRES "THIS YEAR"), IS AIMING FOR "FIRST LARGE-SCALE COMMERCIAL EXPLOITATION" OF TRITICALE. "ANTICIPATED" 1975 SALES GIVEN AS \$14 MILLION, WITH PROFIT BEFORE TAXES OF \$1 MILLION. MAHGOUB TOLD EMBOFF WSTC'S HEADQUARTERS WERE MOVED FROM NYC'S WORLD TRADE CENTER TO FIFTH AVENUE AS CONSEQUENCE OF FIRE WHICH STURCK FORMER RECENTLY.
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